

September 30, 2020

## Investment Objectives:

1. Achieve high single-digit returns. Consistently.
2. Make variability of returns low. Lower than bonds. Way lower than equities.
3. Generate uncorrelated returns to those of bond and equity markets.
4. Help small and medium-sized businesses grow.

**\* This Happened!**



## Fund Details

### Manager:

Celernus Investment Partners Inc.

### Sub-Adviser:

Pivot Financial Services Inc.

### Fund Status:

OM, Continuous Offering

### Fund Structure:

Mutual Fund Trust

### First Funding Date:

Nov 2018

**Minimum Investment:** \$25,000

**Advisory fee:** 2.0%

**Performance fee:** 20%

**High water mark:** Permanent

**Subscriptions:** Monthly

**Redemptions:** Quarterly (with 90 days notice)

**Auditor:** KPMG LLP

### Administrator:

Convexus Managed Services Inc.

**Legal Counsel:** WeirFoulds LLP

### Eligible Accounts:

RSP, RESP, RRIF, TFSA, Cash

### Portfolio Manager:

**Christopher Grant, CFA**  
Senior Partner

### Contact Us

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## 01 How We've Performed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	0.77	0.64	0.67	0.66	0.59	0.54	0.74	0.46	0.55				<b>5.77%</b>
2019	0.39	0.65	0.62	0.45	0.55	0.58	1.46	0.82	0.81	0.73	0.54	0.66	<b>8.57%</b>
2018											0.07	0.10	<b>0.17%</b>

## 02 What's Happening in the Fund?

Fund Statistics	
Cumulative Return	15.02%
Sharpe Ratio	8.98
Total Positive Months	23
Total Down Months	0
Maximum Loan Value	\$ 4,000,713
Minimum Loan Value	\$ 273,880
Weighted Average Loan Value	\$ 2,671,838
Weighted Average Term	190 days
Number of Full Realized Exits	13
Value of Full Realized Exits	\$ 14,118,040

- Improved Sharpe Ratio (return per unit of risk)
- Big and small loans
- Three fundings in Q3, 2020
- Three exits in Q3, 2020

Short portfolio term-to-maturity

## 03 Where We're Allocating Capital

GICS Sub-Industry	Facility Type	Description
Diversified Financial Services	Bridge	Providing working capital to private equity investment company
Packaged Foods & Meats	Term	Providing working capital as part of overall debt restructuring
Leisure Products	Term	Providing working capital to sporting equipment developer and retailer
Oil & Gas Equipment and Services	Bridge	Providing working capital to energy services supplier
Diversified Financial Services	Term	Providing acquisition financing to investment advisory company
Household Products and Manufacturing	Term and A/R Factoring	Providing working capital to manufacturer of home care products
Diversified Financial Services	Bridge	Providing working capital to company engaged in asset restitution
Diversified Financial Services	Term	Providing working capital to investment advisory company
Consumer Discretionary	Term	Providing working capital to manufacturer of DIY home improvement products



## 04 Solid Returns But Not Business As Usual

The Celernus Pivot Private Credit Fund (CPPCF) returned 0.55% over the third quarter of 2020, putting its YTD return at 5.77%.

During the quarter, the fund was paid back on three positions, including one of our larger facilities that bridged a Canadian smartphone repair company to the sale of its business to Telus.

In Q3, the fund also saw three financings pushed across the finish line. (COVID continues to slow the progress of deals through the negotiation and legal process, so we are pleased to have closed these positions.)

Two of the facilities are to borrowers that are new to the fund.

The first loan was used to refinance the senior credit facility of a publicly-traded organic food brand management company. This loan will increase the company's working capital position, allowing the new CEO flexibility to execute on the company's business plan.

The second facility was used to improve the working capital position of a Canadian specialty sports retailer by refinancing its senior lender and paying down a portion of its institutional subordinated debt.

The third Q3 financing was a facility increase to a professional services provider to which the fund had advanced a loan earlier in the year. This increase improves the company's working capital position until such time as it receives the proceeds of an upcoming (normal course) asset sale.

Going into Q4, the fund continues to grow. As such, it continues to hold cash destined to fund what we deem to be the best deals in our pipeline.

Similar to the last two calendar quarters, we expect that the speed at which this cash can be allocated will be slower than what was possible back in 2019.

The many and varying impacts of COVID continue to add an air of social uncertainty around so many of the processes and institutions that we took for granted 12 months ago. Whole industries are going out of businesses (read: Mom and Pop restaurants) as COVID-related rules spare some, but ravage others.

Overall, we are very pleased with the construction of the CPPCF portfolio. Our borrowers remain responsive while professionally executing on their strategies in a historically difficult operating environment.

## DISCLAIMER

Information about the Celernus Pivot Private Credit Fund (the "Fund") is not to be construed as a public offering of securities in any jurisdiction of Canada. This Fund presentation is for information purposes only and does not constitute an offer to sell or a solicitation to buy any securities referred to herein. The offering of units of the Fund is made pursuant to an Offering Memorandum and only to those investors in jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Important information about the Fund, including a statement of the Fund's fundamental investment objectives and risks, is contained in the Offering Memorandum, a copy of which may be obtained from Celernus Investment Partners Inc. or by contacting your advisor. Please read the Offering Memorandum carefully before investing. Unit values and investment returns will fluctuate. You are encouraged to speak with a tax advisor as any distributions paid as a result of capital gains realized by the Fund and income and dividends earned by the Fund are taxable in the year they are paid to you. The Funds are not guaranteed, their values change frequently and past performance may not be repeated. Past performance, or absence of historical performance in the case of a new fund, does not guarantee future results. Unit value and investment returns will fluctuate and there is no assurance that a fund can maintain a specific net asset value. All amounts herein are in Canadian dollars unless otherwise noted.

### Why Invest in CPPCF?

#### Strong Returns and Cash Flow

- Relative to other fixed income vehicles, secured private commercial lending is expected to generate superior returns that are closer to those provided by equity indices over a market cycle
- Downside risk is nearer that of fixed income indices

#### Low Correlation to Equity and Bond Market Index Returns

- Secured private commercial lending arrangements in the SME market tend to have low interest rate sensitivity
- Returns are driven by the lending rates associated with portfolio deals while downside risk is managed by accurate assessment of collateral value

#### Portfolio Advantages

- Incorporation of secured private commercial lending reduces reliance on the equity risk premium to drive portfolio returns
- Price volatility is lower than that of publicly traded fixed income securities because private lending arrangements are priced at value rather than marked-to-public-market

### About Celernus

Celernus Investment Partners manages investment funds for high-net-worth individuals and institutions with a focus on active management of private credit and real estate assets.

Our goal is to generate attractive returns, with low volatility, that exhibit minimal correlation to the returns of broad-based fixed income and equity indices.

Our funds include:

**Celernus Pivot Private Credit Fund** CPPCF | CIP600A

**Celernus Mortgage and Income Trust** CMIT | CIP200A/B

**Celernus Absolute Growth Fund** CAGF | CIP100A

**Celernus Credit Opportunities Fund** CCOF | CIP500A